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FOR HOLBROOKE FROM PLATT

E.O. 11652: N/A

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SUBJECT: SHIMODA CONFERENCE

1. SUMMARY: PREDICTABLE IN SUBSTANCE, THE FOURTH SHIMODA CONFERENCE ON US-JAPAN RELATIONS WAS SPECIAL FOR THE WILLINGNESS OF BOTH SIDES TO CONFRONT INTRACTIBLE ISSUES WITH CANDOR AND GOOD HUMOR. END SUMMARY.

2. REPORTING FOUR DAYS OF TALK BETWEEN EIGHTY PEOPLE IS LIKE TRYING TO PACK A CLOUD IN A DUFFEL BAG SO I WON'T EVEN TRY. WHAT WAS MOST WORTHWHILE ABOUT SHIMODA IV WAS THE CHANCE TO GET TO KNOW INTERESTED AND TALENTED PEOPLE ON BOTH SIDES AND TO HEAR THEIR IDEAS ON US-JAPAN RELATIONS, AT MEALS AND IN THE CORRIDORS AS WELL AS DURING THE FORMAL SESSIONS.

3. THE SUBSTANCE OF THE CONFERENCE WAS ABOUT WHAT YOU WOULD HAVE EXPECTED. US PARTICIPANTS WERE PUSHED HARD DURING DISCUSSIONS OF THE STRATEGIC CONCEPTUAL FRAMEWORK UNDERLYING US POLICY IN ASIA; THE PACE AND MODALITIES OF NORMALIZATION WITH THE PRC; AND PARTICULARLY THE RATIONALE BEHIND US GROUND TROOP
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WITHDRAWALS FROM THE ROK AND LACK OF CONSULTATIONS BEFORE THE INITIAL DECISION WAS MADE. THE JAPANESE FOUND THEMSELVES ON THE DEFENSIVE WHEN THE TALK SHIFTED TO JAPAN'S ROLE IN THE WORLD ECONOMIC COMMUNITY, HER MAMMOTH TRADE SURPLUS, AND THE DIFFICULTIES FOREIGNERS HAVE DOING BUSINESS IN JAPAN. THE CONVERSATIONS ON SOUTHEAST ASIA WERE AS LANGUID AND

AMORPHOUS AS THE REGION ITSELF. NUCLEAR REPROCESSING WAS NOT EVEN MENTIONED AT THE CONFERENCE UNTIL THE FINAL DAY IN TOKYO WHEN PRIME MINISTER FUKUDA EXPRESSED HIS GRATITUDE FOR THE AGREEMENT. THE CONSPICUOUS JAPANESE SILENCE WAS DUE NOT ONLY TO THE CONCLUSION OF THE AGREEMENT THE DAY THE CONFERENCE OPENED, BUT ALSO TO AN INSTINCTIVE URGE TO KEEP QUIET ON THE SUBJECT LEST AMERICANS RAISE IT AS A QUID PRO QUO FOR FUTURE JAPANESE CONCESSIONS ON OTHER PENDING ISSUES.

4. WHAT WAS SPECIAL ABOUT SHIMODA WAS A WILLINGNESS ON BOTH SIDES TO SAY THINGS OUT LOUD IN OPEN SESSIONS THAT AT PREVIOUS CONFERENCES WOULD ONLY HAVE BEEN WHISPERS IN THE HALLWAYS OR COY LEAKS IN THE EVENING PRESS. ONE JAPANESE KEIDANREN OFFICIAL TOLD AMERICANS THAT THEIR INCREDIBLE PROPENSITY TO WASTE ENERGY WAS AT THE ROOT OF THE BALANCE OF PAYMENTS PROBLEM, NOT SOFTNESS OF DOMESTIC DEMAND OR THE HEIGHT OF NON-TARIFF BARRIERS IN JAPAN. AN AMERICAN PROFESSOR OF ECONOMICS DESCRIBED JAPANESE EFFORTS TO EXPORT THEIR WAY OUT OF THE RECESSION AS "VERY BAD BEHAVIOR" NOT UP TO THE STANDARDS OF "WORLD CITIZENSHIP." A TOKYO PROFESSOR WONDERED ALOUD IF THE US WOULD "LET JAPAN BE AS INDEPENDENT AS IT WANTED", WHILE OTHER AMERICANS WONDERED BACK WHETHER PRIME MINISTER FUKUDA'S TOUTED GESTURE TOWARD SOUTHEAST ASIA MEANT MUCH GIVEN THE LIMITED OFFICIAL USE

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CAREFUL HEDGES IN HIS BILLION DOLLAR OFFER AND PUZZLEMENT OVER THE CONCRETE BENEFITS TO BE DERIVED FROM "HEART-TO-HEART" DIPLOMACY.

5. IT WOULD BE WRONG TO CONCLUDE FROM THESE SNATCHES OF CONFERENCE TALK THAT SHIMODA WAS A BILATERAL SLANGING MATCH WITH AFFRONTS TAKEN OR GAUNTLETS THROWN. ON THE CONTRARY THE PROCEEDINGS WERE CORDIAL, EVEN GENIAL, COMBATS BETWEEN INTERLOCUTORS, MANY OF WHOM HAVE KNOWN AND LANCED EACH OTHER FOR YEARS. IF THE GATHERING HAD HAD A MOTTO, IT PROBABLY WOULD HAVE BEEN, "SMILE WHEN YOU SAY THAT." THE PARTICIPANTS DID JUST THAT, NOT ONLY WHEN JOUSTING WITH MEMBERS OF THE OTHER SIDE, BUT ALSO DURING THE FREQUENT OPPORTUNITIES THEY HAD TO ARGUE WITH THEIR OWN COUNTRYMEN. REPUBLICANS (STRATTON) AND DEMOCRATS (SOLARZ) TANGLED IN PREDICTABLE WAYS ON THE TROOP WITHDRAWAL ISSUE MATCHED THEME FOR THEME BY LIBERAL DEMOCRATS (KOSAKA) AND SOCIALISTS (KAWAKAMI). WE WERE TREATED TO THE SPECTACLE OF A POLISHED MITI BUREAUCRAT (AMAYA) DESCRIBING IN PLENARY SESSION HIS NATIONAL PRESS AS "SADISTIC AND UNOBJECTIVE" (OUR PRESS HE TERMED "MASOCHISTIC"), WHICH PROMPTED

SPIRITED STATEMENTS FROM PARTICIPANT EDITORS OF MAJOR DAILIES DESCRIBING STERN MEASURES TAKEN TO INSURE OBJECTIVITY IN THEIR NEWSPAPERS. EVERYONE LAUGHED, JAPANESE AND AMERICAN ALIKE.

6. OTHER THAN PRIME MINISTER FUKUDA, WHOSE SPEECH IN TOKYO WAS THE CLIMAX OF THE CONFERENCE, NO ONE INDIVIDUAL DOMINATED THE PROCEEDINGS. ON OUR SIDE SENATOR GLENN, NYU PRESIDENT SAWHILL, YALE ECONOMIC PROFESSOR PATRICK, BANK OF AMERICA VICE PRESIDENT HOADLEY, AND CONGRESSMAN CONABLE ALL MADE STRONG PRESENTATIONS AS DID MORT ABRAMOWITZ AND CONGRESSMAN SOLARZ ON THE TROOP WITHDRAWAL ISSUE. AMBASSADOR MANSFIELD ATTENDED ALL MEETINGS IN AN OBSERVER ROLE, BUT STOPPED THE ENTIRE SHOW WITH THE LIMITED OFFICIAL USE

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ANNOUNCEMENT THAT SADAHARU OH HAD HIT HIS 756TH HOME RUN. THE JAPANESE WHO IMPRESSED ME MOST (AND HALF OF THE PARTICIPANTS WERE INVOLVED IN SEVERAL MEETINGS I DID NOT SEE) WERE, IN ADDITION TO FUKUDA HIMSELF, MITI BASIC INDUSTRIES DIRGEN AMAY, KEIDANREN ECONOMIST NUKAZAWA, AMERICAN AFFAIRS BUREAU DEP DIRGEN KITAMURA, AND TOA NENRYO KOGYO MANAGING DIRECTOR NAKAHARA.

7. NO CONCRETE PROPOSALS WERE MEANT TO ISSUE FROM THE CONFERENCE BUT THERE WERE SOME INTERESTING IDEAS FLOATING AROUND -- CONABLE SUGGESTED A GENERAL AGREEMENT ON TAXATION AND INVESTMENT TO HANDLE RELATIONSHIPS GOVERNING THE BEHAVIOR OF MULTINATIONAL CORPORATIONS; SAWHILL PROPOSED JOINT US-JAPAN COOPERATION IN, RESEARCH AND DEVELOPMENT ON NUCLEAR FUSION, AND FUKUDA LIKED THE IDEA. PATRICK SUGGESTED MASSIVE UNTIED JAPANESE AID TO THE ASIAN DEVELOPMENT BANK. ONE JAPANESE BUSINESSMAN RECOMMENDED FREEING UP FOREIGN EXCHANGE CONTROLS IN JAPAN. FINALLY, THERE WAS A MUNDANE BUT PRACTICAL AMERICAN PROPOSAL FOR A PRIVATELY FINANCED WEEKLY PUBLICATION THAT WOULD HELP US ALL KEEP TRACK OF THE EXTRA-ORDINARILY BUSY AND COMPLEX RELATIONSHIP BETWEEN THE US AND JAPAN. MANSFIELD

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